AMUSEMENT & MUSIC OPERATORS ASSOCIATION
AMOA

THE LOCATION

January 1984

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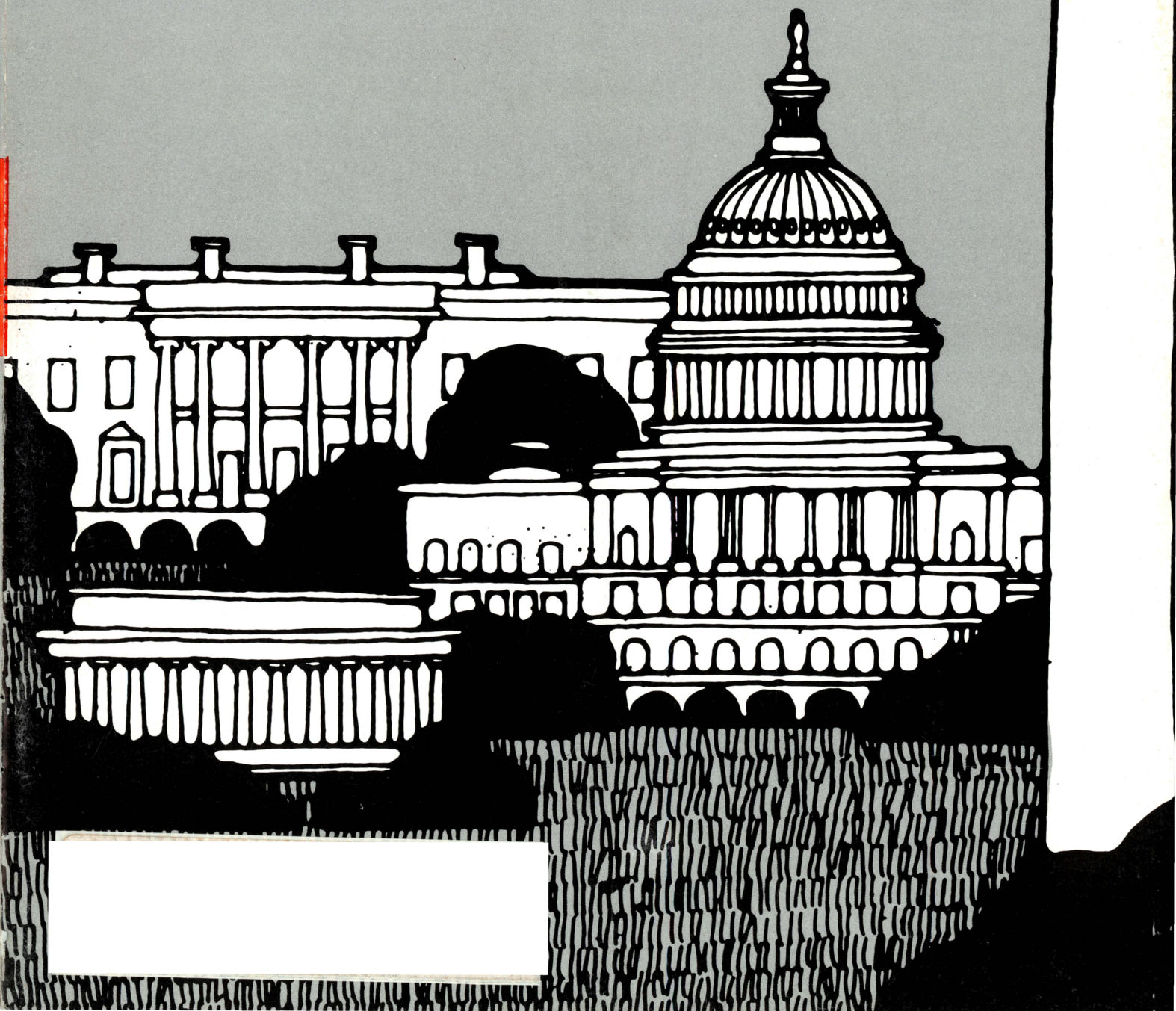
(See page 15)



Bally MIDWAY T.M.

FOOTBALL T.M.

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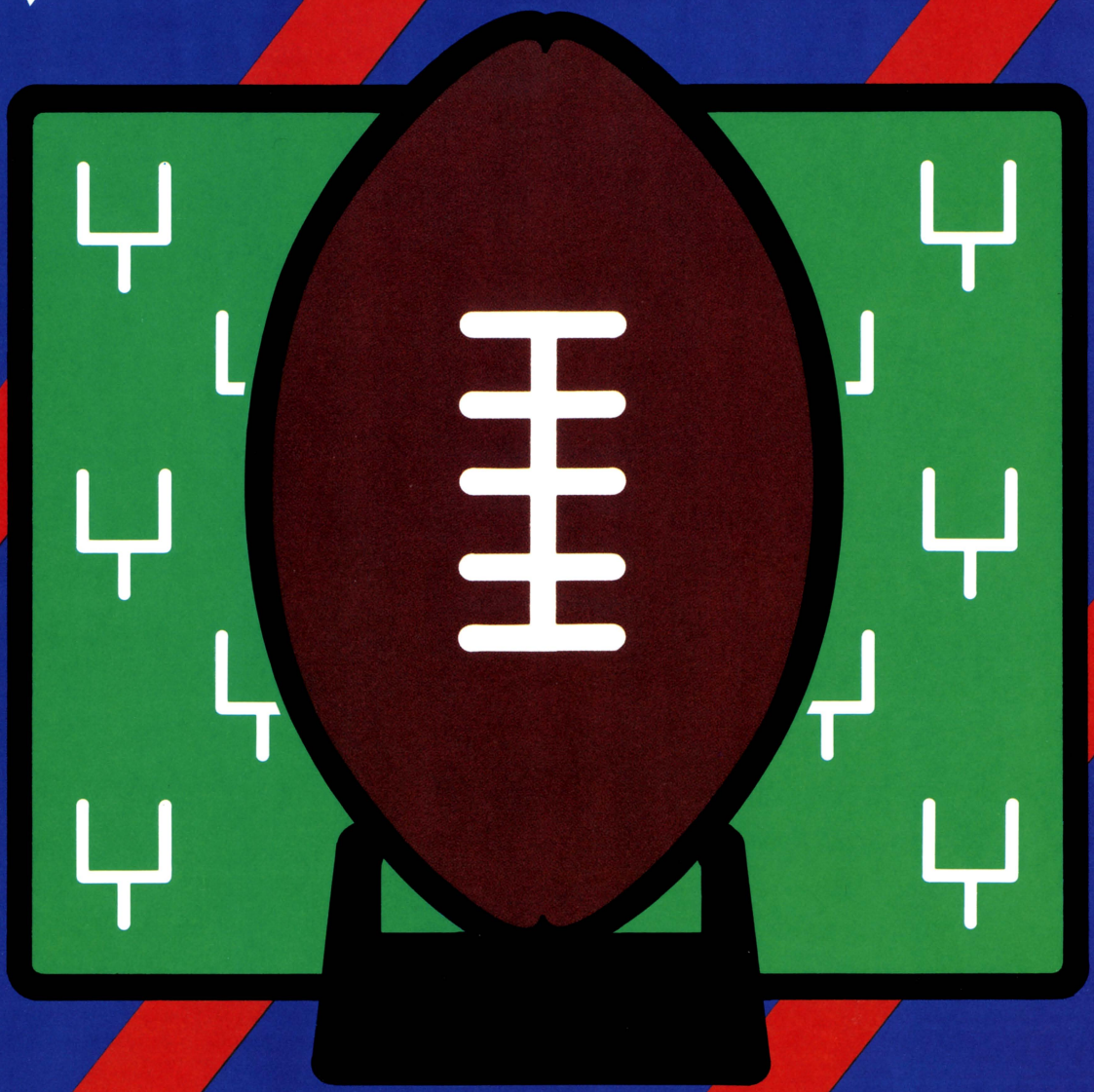

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THE LOCATION

The official publication of the Amusement and Music Operators Association.

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Location At A Glance

IN THE INDUSTRY
Marshfield Case Dismissed 5
by Jonathan T. Howe, AMOA Legal Counsel

AMOA ON THE MOVE
Hard Hitting Education Courses Answer Industry Needs 7
1983–84 Committee Assignments 9
1984 Expo Option Notices On The Way 13
Industry Profile 11

IN THE INDUSTRY
The Jukebox Industry's Fate—In The Hands of Bills S-1734 and H.R. 3858 15
Jukebox Story Blankets The Nation 15
A New Schedule—Early Arrival of Who's Who 16
Nolan Bushnell, "Free at Last", Unveils New Videogame, New Concept and New Company
by Leslie Beyer, Staff Writer 17

ON BUSINESS
A Report on the Economic State of the Jukebox Industry 19
by James F. Gaertner, Ph.D., CPA, Notre Dame University
The Reason For Alarm/One Operator's Story 23
Press Relations/Public Relations, Public Record 25
No Matter What You Call It—You Need It
Four Months of AMOA—In Print and on the Air 25
How to Cut Profit Sharing Plan Costs 28
by James L. Harfield, CPA, Blackman, Kallick & Company, Ltd.

SERVICE BULLETIN (coinco) 30
INTERNATIONAL
Irish Association Fights Bad Press Via Membership 31
AMOA ALERT 33
IN PASSING 34
Calendar of Events 34

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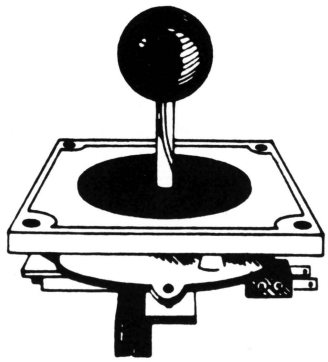

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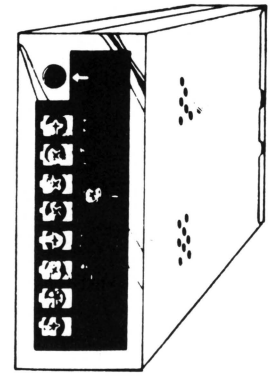

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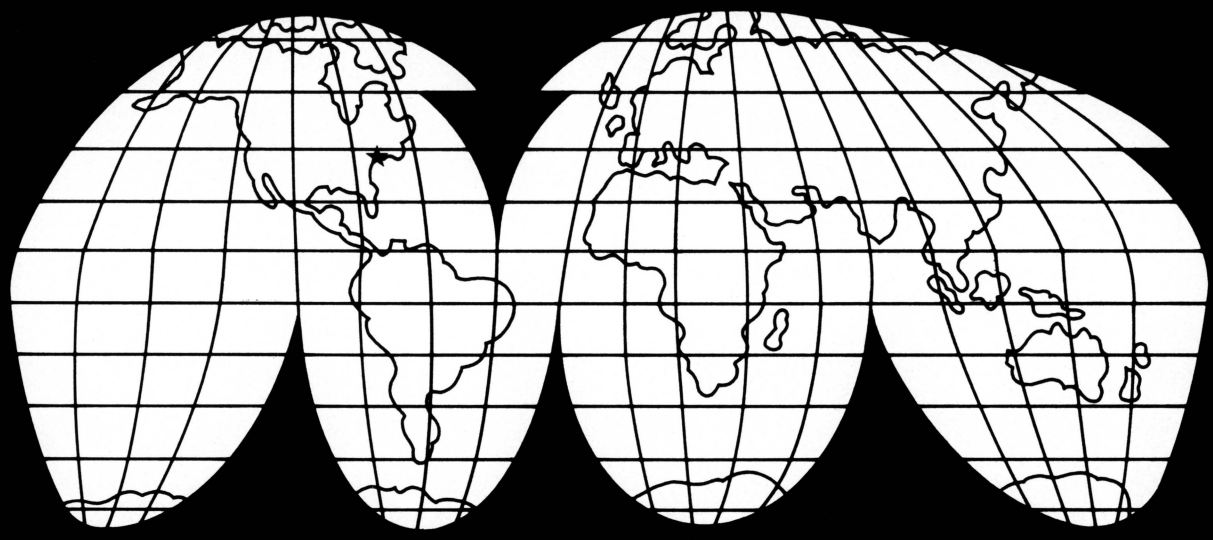

Marshfield Case Dismissed

By Jonathan T. Howe

Editors' Note: Jonathan T. Howe, of Jenner & Block, is legal counsel for AMOA.

The United States Supreme Court recently declined to rule substantively on the degree to which the operation and playing of videogames are forms of expression which deserve constitutional protection under the First Amendment. In *Marshfield Family Skateland, Inc., et al. v. Town of Marshfield,* AMOA and nine local merchants in Marshfield, Massachusetts who operated videogames in their business establishments asked the Supreme Court to declare unconstitutional a local ordinance banning all commercial use of "mechanical or electronic amusement devices." The Supreme Court, however, dismissed the case, leaving intact the decision of the Massachusetts state courts that Marshfield's ban was lawful.

The case had its genesis in Marshfield, a small resort town on the South Shore of Massachusetts with a year-round population of 20,000. The merchants involved in the case included a local bowling alley, a skating rink, three general stores, a restaurant, and three taverns. At its June 1982 town meeting, Marshfield's Board of Selectmen proposed a local by-law which would have required operators of automatic amusement devices to obtain licenses, but would not have prohibited their use. Thomas R. Jackson, a local resident and retired police officer, proposed an alternative measure banning all commercial use of the machines. Jackson's proposal passed by a vote of 191 to 19 and became Marshfield's General By-Law No. 48. The by-law provides that "No person shall keep, or . . . operate . . . any mechanical or electronic amusement device, whether coin-operated or not . . . except

(Continued on page 8)

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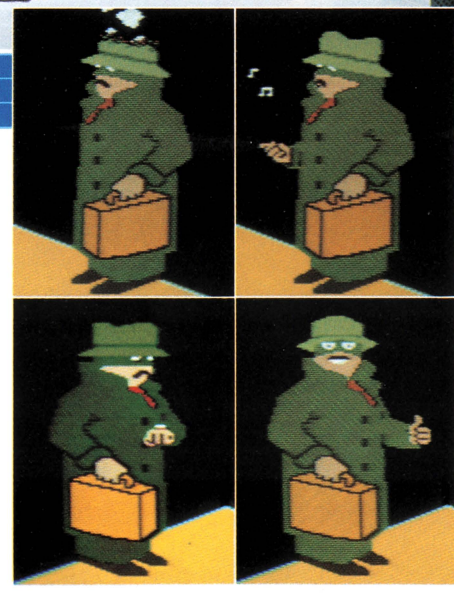

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Hard Hitting Education Courses Answer Industry Needs

The second session of the AMOA Sponsored Notre Dame University Executive Development and Certification program was a success from the word go.

Every management position or owner operator needs to seriously investigate this comprehensive 2½ year program of specialized—and yes, intense—series of education programs.

The sessions are held on the grounds of one of the most beautiful college campuses in this country—Notre Dame University in South Bend, Indiana. They are conducted on four consecutive days, twice a year for 2½ years.

The next beginning class will begin March 4th and run through the 7th with the second part being given on October 7–10.

Those already enrolled, who have completed Session I and Session II will begin Session III on April 8 and continue to April 11th. The fourth session for this trail blazing group will be conducted November 11–14.

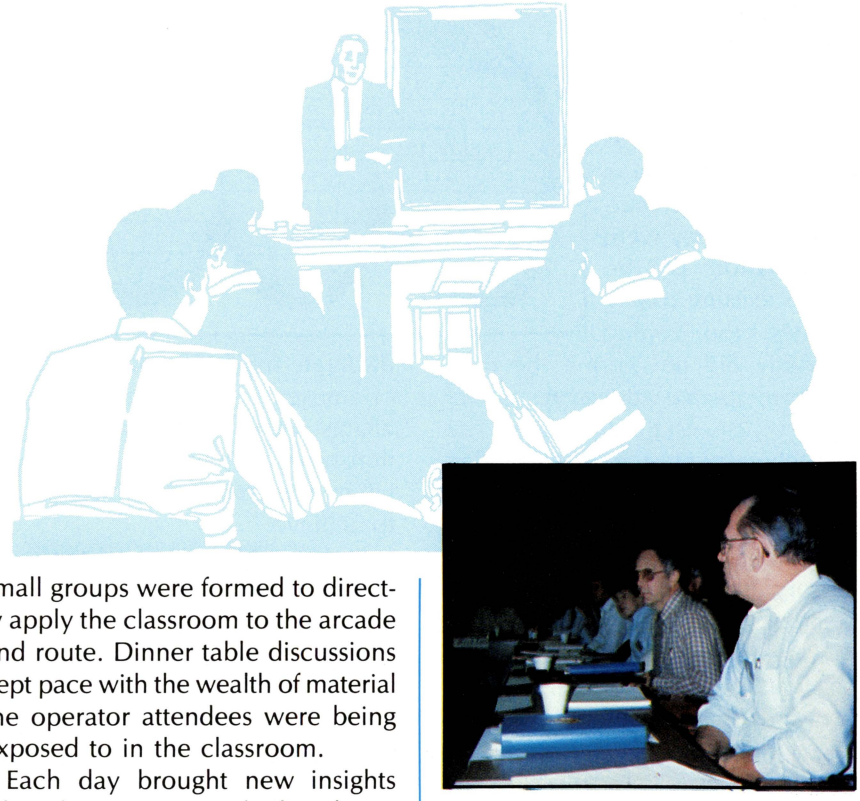
Just a sampling of the completed Session II should intrigue every serious operator in the business.

The courses started with: Short-term and long-term financial planning when applied to an overview of this countries economy, then moved on to cash budgeting for growth, how to determine your corporate directions, defending your business, conducting audits, Business Law, negligence actions, license fees, loitering statutes and copyright issues—and then side-stepped for a session on personal financial management.

As each day moved to an end, small groups were formed to directly apply the classroom to the arcade and route. Dinner table discussions kept pace with the wealth of material the operator attendees were being exposed to in the classroom.

Each day brought new insights when the Notre Dame facility, drawn together by Dr. Jerry Sequin, Chairman of the University of Notre Dame College of Business Administration, covered yet additional material.

Marketing and marketing functions, such as directing a firm's resources to satisfy potential customers at a resonable profit, and using in-house generated financial information to intelligently forecast and plan, are all part of this curriculum. A curriculum designed for the operator. ■



Class sessions are designed to meet both long range and immediate needs for planning information . . . and are squarely pegged for operator use in current business situations.

An Invitation

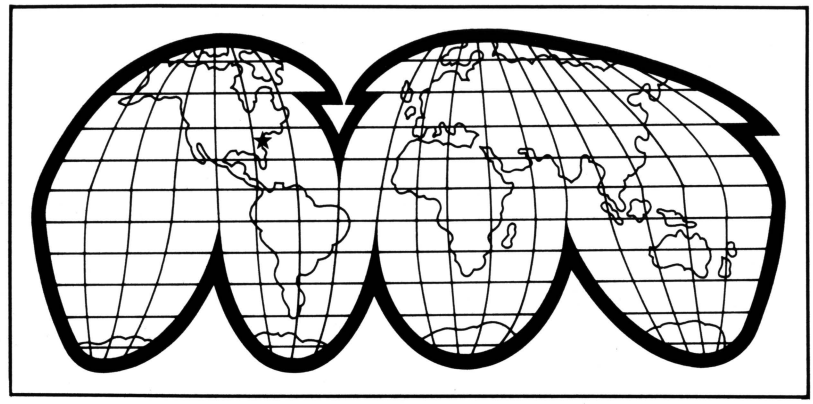
Each AMOA member should have received the current information brochure and schedule of the Executive Development courses through the end of 1984. Review the offering carefully, then join your peers in March for the next beginning class. Make your reservations now, since each class must be limited in size. ■

Marshfield Case

(Continued from page 5)

private in-home use, coin-operated juke boxes, pool, billiard, bowling and athletic training devices."

Under state law, the new by-law could not become effective until the Massachussetts Attorney General approved it. The town, however, did not wait for the Attorney General. In July 1982, after passage of General By-Law No. 48 but before the Attorney General had approved it, the Town's Building Inspector served notices on seven of the nine local Marshfield merchants that they were in violation of the town's existing zoning by-laws, the zoning allegedly did not permit the merchants to operate videogames as "accessory" uses on their premises. The merchants contested these zoning actions on the grounds that the zoning by-laws did not prohibit the operation of videogames as accessory uses. When the Attorney General formally approved General By-Law No. 48, the merchants brought their own action in state court to have the new by-law declared unconstitutional. All the actions were consolidated into a single case for trial.



In the trial court, the merchants argued that the new by-law was unconstitutional because it interfered with their rights of freedom of expression, guaranteed under the First Amendment of the Constitution of the United States. The merchants explained to the court that videogames employ sophisticated technology through which an author's ideas and fantasies are expressed and communicated to the public—and that videogames are at least as worthy of First Amendment protection as other forms of entertainment which the Supreme Court has consistently protected.

The merchants also argued that General By-Law No. 48 violated their rights to equal protection of the laws because it absolutely prohibits the commercial operation of most automatic amusement devices, including videogames, but expressly exempts from this ban the operation of a few other automatic amusement devices, namely coin-operated juke-boxes, pool, billiards, bowling, and athletic training devices. This disparate treatment of similar types of amusement devices, in the merchants' view, had no rational relationship to any legitimate objective which the Town might have sought to achieve.

At the trial, the merchants presented to the trial court a videotape demonstration of five videogames (Ms. Pac-Man, Donkey-Kong, Zaxxon, Tron, and Kangaroo) and the sworn affidavit of Dr. B. David Brooks, an expert on juvenile crime and delinquency who had done extensive empirical research and concluded that videogames have a beneficial effect upon adolescent development, rather than the detrimental effect sometimes attributed to them.

The trial court ruled in favor of the town, deciding that prohibiting the commercial operation of videogames did not violate any rights to free speech or equal protection of the laws. The merchants appealed to the Supreme Judicial Court of Massachusetts, the state's highest court, which also ruled in favor of the town in June 1983. The Supreme Judicial Court decided that videogames are not protected by the First Amendment because they are "in essence, only technologically advanced pinball machines" and "any communication or expression of ideas that occurs during the playing of a videogame is purely inconsequential." The Court also rejected the merchants' equal protection claim because, in the Court's view, the Town's professed objectives of preventing noise, traffic, congestion and the congregation of young males adequately justified the town's decision to ban some amusement devices while exempting others.

Assisted by AMOA, the merchants appealed to the United States Supreme Court in September 1983, asking the Court to reverse the state court decision upholding the town ban on videogames. Once again, AMOA and the merchants vigorously argued that videogames are an expressive medium; that unlike traditional, more passive forms of entertainment such as radio or television, videogames go a step further in communicating ideas by directly involving the audience (i.e., the player) in the game. "As a player in the game," argued AMOA and the merchants, "the viewer assumes the role of one of the characters on the video screen, with the ability to control the action and change the outcome of the story . . . In this respect, playing a videogame is more akin to participating in improvisational theatre than to passively watching a play or movie." Finally, AMOA and the merchants explained to the Supreme court that if noise, congestion, and parking problems were what the town sought to avoid in banning videogames, it was completely arbitrary to single out some forms of amusement devices while exempting others.

Despite the merchants' efforts, the Supreme court declined to hear the case, summarily dismissing it on November 28, 1983. The Court would have heard the case if four of

(Continued on page 29)

1983–84 Committee Assignments

There is a lot of work that goes on behind the scenes to make an association successful and useful. Many people comprise many committees, through which the association constantly grows to fulfill its goals. AMOA is committee structured and through the planning and dedication of the committee members, AMOA has grown to be the most recognized and respected association in the industry.

The format of the committee structures is flexible, in such that new members can be added on a yearly basis and new committees can be organized to fit the association's and industry needs.

Along with the Standing Committees, presented is a list of new assignments for the Special Committees.

Standing Committees 1983–1984

EXECUTIVE COMMITTEE

Dock Ringo (Chairman)
John Estridge
Al Marsh
Richard Hawkins
Wesley Lawson
Leoma Ballard
Norman Pink
Robert Nims
Don Van Brackel
Walter Bohrer, Jr.
James Reaves
Vincent Storino
Clyde Knupp
Raymond Schroth
John Stocksdale
Lee Melchi
Jack Kerner
Jerry Derrick

EXECUTIVE EVALUATION COMMITTEE

Don Van Brackel (Chairman)
Robert Nims
Norman Pink
Leoma Ballard
Wesley Lawson

LONG RANGE PLANNING COMMITTEE

John Estridge (Chairman)
Wesley Lawson
Leoma Ballard
Norman Pink
Robert Nims
Don Van Brackel
Richard Hawkins

GOVERNMENT RELATIONS COMMITTEE

Wesley Lawson (Chairman)
Leoma Ballard
Norman Pink
Robert Nims
Don Van Brackel
John Estridge
Al Marsh
Richard Hawkins
Dock Ringo

FINANCE COMMITTEE

Dock Ringo (Chairman)
John Estridge
Al Marsh
Richard Hawkins
Wesley Lawson
Leoma Ballard
Norman Pink
Robert Nims
Don Van Brackel

AMOA BUDGET COMMITTEE

Dock Ringo (Chairman)
John Estridge
Don Van Brackel

(Continued on page 11)

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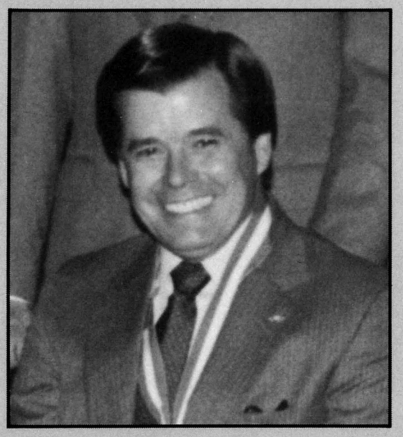
Special Committees 1983-84

Exposition Chairmen

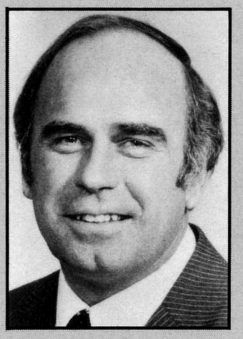


Fred Collins

Earl Gill

Registration Committee

Committee members serve in the registration area during the AMOA Exposition to ensure that all visitors and exhibitors comply with the rules of the Exposition concerning the eligibility for and the wearing of proper identification badges on the exhibit floor. It also is the responsibility of this committee to make recommendations to the Board of Directors for the improvement of registration procedures.



Knupp

Clyde Knupp (Chairman-85)
Dorothy Christensen (Vice Chairwoman-84)
Jerry Derrick (Vice Chairman)-86)
Richard Jacomet (84)
Leo Smith (84)
Bill Atkins (84)
Donald Hankinson (84)
Rick Geraghty (85)
Russ Warner (85)
Eugene Urso (85)
Anthony Alvarez (86)
Raymond Reynolds (86)
Tom Harris (86)
Stanley Seymour (86)
Ross Todaro Jr. (Member)
Harold Heyer (Member)
Bobby Earp (Member)
Neal Crenshaw (Member)

Banquet Committee

The Committee is responsible for the sale and assignment of tickets for the Annual Banquet and Stage Show. Any monies collected from the sale of tickets is to be turned over to the Treasurer for deposit in the appropriate account. The committee has the final authority in the assignment of places and tables at the banquet.

James Reaves (Chairman-84)
Ken Flowe (Vice Chairman-85)
Bunky Bynum (85)
Phillip Eisenberg (86)
Ernestine Tolisano (Member)
Bob Kline (Member)
Rich Silla (Member)
George Mouton (Member)
Curtis Hudson (Member)

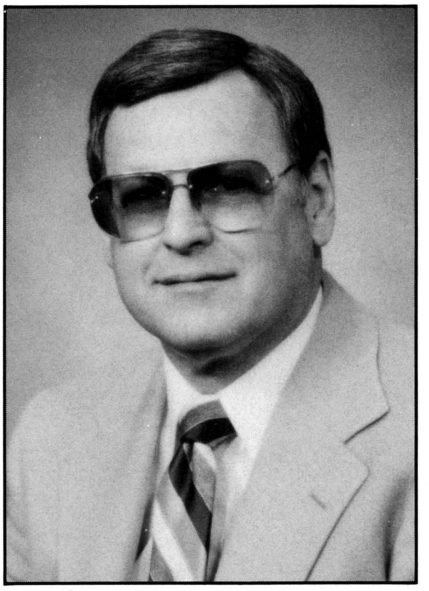
Reaves

(Continued on page 12)

Industry Profile

AMOA is proud to announce 10 new Directors and one replacement to the Board. Along with the elected principal officers, these new Directors will be profiled starting in this and following issues of the LOCATION.

Phillip Eisenberg, Secretary-Treasurer and Chairman of the Board of Consolidated Vending Company, Inc., Johnstown, Pennsylvania, and Raymond Reynolds Jr., President of Ace Vending Co., Inc., Frankfort, Kentucky, have been elected as two of the new AMOA Directors during the 1983 International Exposition of Games and Music held in New Orleans.



Phillip Eisenberg Director (1983-1986)

Mr. Eisenberg began his career after his discharge from the army in 1946, when he became a cigarette machine serviceman for Consolidated Vending Company, Inc. At that time Consolidated Vending dealt only with cigarette machines but, in 1962, "Phil" became the company's manager and over a five year period was successful in incorporating Consolidated Vending into a full line vending and amusement machine company.

(Continued on page 12)

Industry Profile

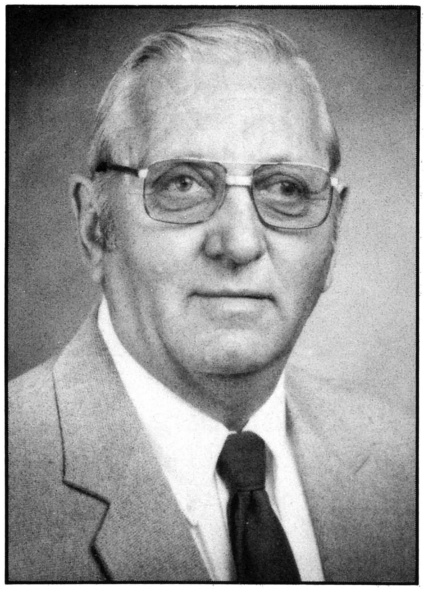
(Continued from page 11)

In 1977, Consolidated Vending suffered a heavy loss during a disastrous flood that took its toll by destroying 200 machines. Through Mr. Eisenberg's management and dedication, the company, although still recovering, is back to normal.

"Phil" says he feels it is a great honor to be recognized by his fellow members, and he has aspirations of working toward making the coin-op industry a respected one within local business and political communities during his term as Director.

As an active member in local associations and charitable organizations, Mr. Eisenberg is a member of NAMA and PAMMA, while also finding time to involve himself with the Johnstown Chamber of Commerce, Chamber of Commerce U.S.A., the Elks, Moose, Eagles, Kiwannis and American Legion clubs, along with the B'Nai Brith and Zionist Organization of America.

Mr. Eisenberg and his wife Edythe have three children, Murray, Marsha and Debra. ■



Raymond Reynolds Jr. Director (1983–1986)

Mr. Reynolds recalls his career beginning in 1952 when he became an employee for Ace Vending Co., Inc. Fourteen years later his boss decided to sell the company, and Raymond, along with two co-

(Continued on page 13)

Committee Assignments

(Continued from page 11)

Education Committee

Committee is responsible for all education programs during the Exposition. The committee is also responsible for all AMOA educational programs, such as schools, executive development programs, etc. . . .

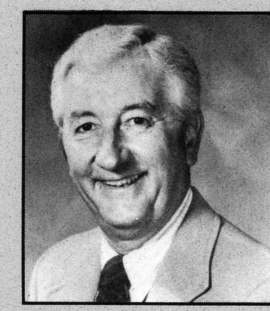
Jim Trucano (Chairman–84)
Alice Clevenger (Vice Chairwoman–85)
Richard Hawkins (Vice Chairman)
Don Van Brackel (84)
Vincent Storino (84)
Jack Kerner (86)
Norman Pink (86)
Jim Hayes (86)
Craig Johnson (86)
Lee Melchi (86)
Todd Erickson (Member)
Manley Lawson (Member)

Trucano

Membership Committee

Committee members will conduct the new membership booth in the registration area of the Exposition and solicit new members who qualify under the AMOA By-Laws. The committee will also formulate plans for maintaining and building the membership.

John Stocksdale (Chairman–85)
Earl Gill (Vice Chairman–85)
Jim Hart (Vice Chairman–85)
Howard Herman (84)
Clyde Love (84)
Kem Thom (85)
Ed Schultz (86)
Eddie Velasquez (86)
Alex McConnell (86)
Wesley Lawson (88)
Leoma Ballard (87)
John Trucano (Member)
Bud Patten (Member)
Russ Mawdsley (Member)

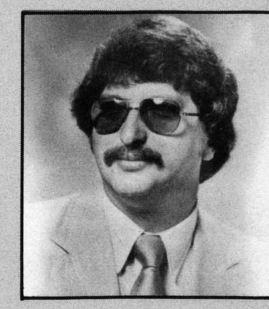


Stocksdale

Exhibit Committee

The committee is responsible for the inspection of all exhibits prior to the opening of the Exposition to ensure that exhibitors are in compliance with all rules of the Exposition written and unwritten. Any problems arising with the exhibit or exhibitors will be brought before this committee. This committee has the responsibility to make recommendations to the Board of Directors for the improvement of the AMOA trade show.

John Newberry, Jr. (Chairman)
Ross Todaro (Vice Chairman–85)
Raymond Schroth (Vice Chairman–85)
John Knox (84)
Walter Bohrer, Jr. (84)
Maynard Hopkins (Member)
Fred Collins (Member)



Newberry

Awards Committee

The committee is to administer all AMOA Awards Programs according to policies established by the Board of Directors. This committee is to recommend to the Board of Directors any procedures for improving the awards program. This committee is the final judge on the selection of the annual JB and Game Awards.

Don Van Brackel (Chairman)
Bunky Bynum (Vice Chairman-85)
Richard Hawkins
Ross Todaro (85)
James Reaves (84)
Jim Trucano (84)
Russ Warner (85)
Tom Harris (86)
Robert Nims (85)
Manley Lawson (Member)
Rich Silla (Member)
Stan Williams (Member)

Van Brackel

State Association Committee

The function of the committee is to review current programs to assist state associations and to recommend additional services. The committee is responsible for developing closer relations between AMOA and state associations, and to conduct research programs as the need arises, pertaining to the state associations. The committee also organizes a state association program to be held at the exposition.

Walter Bohrer, Jr. (Chairman)
Richard Hawkins (Vice Chairman)
Alice Clevenger (Vice Chairwoman)
Norman Pink
John Estridge
Lee Melchi
Earl Gill

Cigarette Committee

Committee's responsibility is to identify problems pertaining to cigarette vending and to present programs to the Board of Directors.

Norman Pink (Chairman)
Jack Kerner (Vice Chairman)
James Thorpe
Ross Todaro
Maynard Hopkins
Fred Collins

Pink

Stage Show Committee

The Committee will assist the Executive Vice President and the producer in the planning and organizing of the annual Stage Show.

Dock Ringo
Wesley Lawson
Leo Droste

Industry Profile

(Continued from page 12)

workers decided it would be a good chance for them to buy a route. Together the trio teamed up to buy the company and over the years expanded their route to where they now serve 12 counties in Kentucky. Having been in the coin-op industry himself for 31 years, Mr. Reynolds, along with his two partners have over 105 years of experience and service. Mr. Reynolds and his two partners incorporated the company six years ago, whereupon Raymond was elected President of Ace Vending and still holds that position.

During his three year term as Director, Mr. Reynolds has a goal of organizing a state association for Kentucky, since one does not currently exist, in the hopes that it will help solve legislative problems in Kentucky.

Mr. Reynolds is also actively involved with the Scott Lodge 702 f&am, 32° Scottish Rite Louisville Consitory and is a member of the Kentucky Farm Bureau and a broker for the Kentucky Real Estate Commission.

Mr. Reynolds has a wife, Joyce. ■

1984 Expo Option Notices On The Way

Option notices for the 1984 International Exposition of Games and Music are being sent out this month to all exhibitors of the 1983 Expo. We will continue to modify the procedures to best serve the exhibitors and Association members. In addition, the Exhibitor's Rules and Regulations manual will be augmented to better assist both exhibitors and attendees. ■

THE MONEY MAKERS

We call them the Money Makers and you will too. Our Card Games are manufactured with you and your customer in mind. We know what they want in a Poker machine and what you need. With our five new models you get features and controls to maximize cash flow and increase profits. That objective is our commitment, you can bet on us!

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Joker Poker
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Black Jack / Bonus 21
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- Anti-Jackpot Control
- Adjustable Percentages
- High Security Cash Box Vault
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The Jukebox Industry's Fate— In The Hands Of Bills S-1734 & H.R. 3858

"There's no question the jukebox industry is hurting right now. And excessive royalty fees are one big reason why. I'm well aware of how narrow your profit margins are. Your own 1983 Cost of Doing Business Survey found average jukebox profits to be less than $50.00 per year! Under these conditions, profit-absorbing increases in royalty fees only force more and more jukebox operators out of business. Other operators don't even know they must register their jukeboxes—until they receive a demand from a copyright society to pay substantial damages for a violation that was probably less than $25. The legislation I introduced, with AMOA's help, would attack copyright problems. It would aid and protect beleaguered jukebox operators. It would help ensure that copyright owners receive royalties for recordings played on jukeboxes. And it would maintain jukeboxes as an inexpensive form of entertainment for the American people." Senator Edward Zorinsky, AMOA's General Session meeting, New Orleans, October 1983.

AMOA's legislative program to uphold the jukebox industry is well on its way. Those of you who operate jukeboxes know that this industry is a troubled one. The Copyright Royalty Tribunal has been able to raise royalty fees to astronomical rates. AMOA is committed to redress this situation. Through Senator Edward Zorinsky (D-Nebr.) and Congressman John Breaux (D-7th-La.) and their co-sponsors, bills S-1734 and H.R.-3858 have been introduced respectively in the Senate and House. What these bills propose, is to establish a one-time royalty fee of $50 for each new jukebox, to be paid by the manufacturer and passed on to the buyer, and a maximum one-time fee of $25 per jukebox, for those currently owned and operated, to be paid by the operator.

With Congress reconvening, AMOA is hopeful of getting hearings scheduled as soon as possible. But in order to be successful in passing this bill, it is important for you as members of the industry, whether you operate jukeboxes or not, to do your part. If you have not written your congressman, please do it now. The fate of the jukebox industry relies on your getting involved in the support of S-1734 and H.R. 3858.

"This legislation is not going to get passed by me alone, or Senator Zorinsky alone, or by the board members alone, or by Washington lobbyists alone. It's going to take a united effort, a concerned effort on your part to get up and have enough energy to get it done. I'm confident in what I've seen so far. The materials that have been worked on so far, the enthusiasm that I have seen in the people I have spoken to about the legislation and what you plan to do, show that we are in good shape and have a serious committment to get it done. With dedication and hard work, I think we can get it done together." Congressman John Breaux, AMOA's General Session meeting, New Orleans, October, 1983.

Jukebox Story Blankets The Nation

In a stepped-up media campaign to inform the public of the jukebox industry's story, AMOA has made press releases to over 3,000 of the nation's leading newspapers and magazines.

To maximize the results, both the entertainment and business aspects of jukeboxes were stressed.

As a member of the industry you are encouraged to clip any articles that you see appear and make sure they are brought to the attention of your senators and congressmen. ■

If you have not received your legislative program yet, or would like additional copies, write:

Legislative Program
AMOA
2000 Spring Road Suite 220
Oak Brook, Il. 60521 ■

Be on the lookout for your 1984 "Who's Who" because this year it's arriving half a year early.

Thanks to a new computer system in the AMOA office, the yearly membership billing system is now computerized, allowing quicker classification, sorting and tabulation for publication of the "Who's Who".

Previously, AMOA was handicapped by not having a yearly billing system. Membership records had to be kept by hand, and compiling the yearly "Who's Who" became long and tedious work, taking literally months and months to organize. Now with the help of a computer, work that took months, can new be condensed into a matter of weeks or even days.

The "Who's Who" list of members reflects the association's records at the time of publication. If there needs to be any corrections, they won't be made in this issue, so make sure your name, company and company's address reads correctly. If it does not, fill out the form below and mail it to AMOA, 2000 Spring Rd. Suite 220, Oak Brook, IL 60521, and the proper corrections will be made in the following year's issue.■

Information as listed on your mailing label.

_____

_____

_____

_____

Corrected information (please underline the corrections).

_____

_____

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_____

Your membership in AMOA—An Investment, not an Expense.
Please pay your dues promptly to assure yourself of continued membership services.

Nolan Bushnell, "Free At Last," Unveils New Videogame, New Concept And New Company

By Leslie Beyer

"This is the day we pick up our paints and our brushes and our easels and start to create again, some of the things I think the world needs."

It all began a little over a decade ago, when Nolan K. Bushnell, founder of ATARI, created the first commercially successful videogame—"Pong." With this, he launched the electronic games revolution.

Bushnell began entrepreneuring in 1971, while still a research engineer for Ampex Corporation. He and a partner contributed $500 each to start an electronic game company which became ATARI, Inc. Bushnell invented the game "Pong" and ultimately developed and manufactured 35 types of videogames before selling the company to Warner Communications in 1976. He served as Chairman of the Board of ATARI until 1979.

In 1976, while still with ATARI, Bushnell founded SENTE Technologies' parent company, Chuck E.

(Continued on page 18)

Nolan K. Bushnell

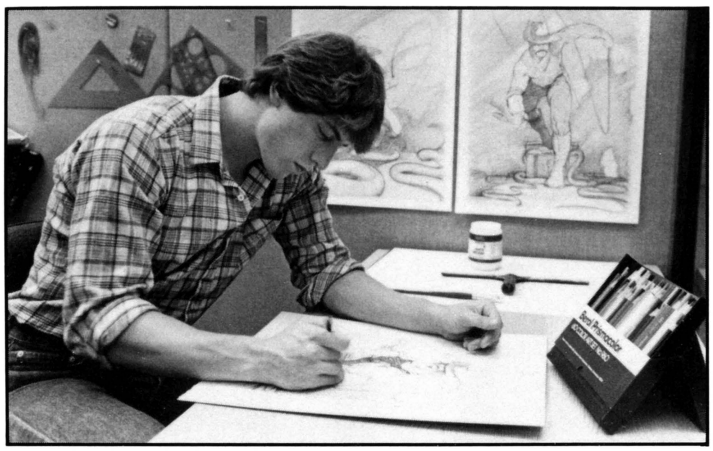
IN THE INDUSTRY

New Company

(Continued from page 17)

Cheese's Pizza Time Theatre, Inc. The first small unit, planned as a prototype, opened in 1977 in California. During its first year of operation, Pizza Time Theatre was a division of ATARI. In June, 1978, Bushnell purchased all assests and rights from ATARI, setting in motion a separate California Corporation. In 1979, Bushnell resigned from ATARI to become Pizza Time's full-time Chairman of the Board.

A subsidiary of Pizza Time Theatre, SENTE Technologies was established in 1983 to develop and manufacture video and non-videogames.



Marty French, graphic designer for Sente, develops concepts and is responsible for developing and implementing support illustrations for videogame collateral materials.

Proclaiming that "we're not going to challenge ourselves to find out how to zap the martian for the 139th way," Nolan Bushnell addressed 300 guests on October 1, 1983 who celebrated the beginning of his SENTE Technologies videogame manufacturing company and the end of his seven year "non-compete" agreement with ATARI.

"I think the game business, much like the movie business . . . gets in your blood. During the last few years, I've been scribbling down ideas, concepts and designs in a little blue book . . . waiting for this day," said a newly "freed" Bushnell. "This is the day we pick up our paints and our brushes and our easels and start to create again, some of the things I think the world needs."

Stressing that competing with other leading companies once may have been difficult, Bushnell believes now, that the market and the directions in the industry are not as strong as they once were, making the opportunities for new technology to strengthen the industry immense. By tapping into the weakening market, Bushnell hopes to resolve some of the industry's problems, stating, "that's what we're here for."

"When distributors and operators pay a one time cost for game frames, they get the hardware. When they rent our game cartridges, they get the game."

Pushing for an early delivery, SENTE had hoped to present its new videogame during the AMOA 1983 International Exposition of Games and Music, but had to postpone the presentation by nearly two months.

On December 9, 1983, Bushnell unveiled SENTE's new arcade videogame conversion system and the first videogame to bear the SENTE Technologies nameplate, before an assembly of game distributors.

Bushnell's presentation included an overview of the coin-op videogame industry, the first public glimpse of the SENTE Arcade Computer (SAC) system and the company's game, "Snakepit."

The first SAC system involves the utilization of a rugged steel game frame that has replaceable exterior panels designed for long life in a videogame playing environment. The game frame can act as a housing for virtually every SAC 1 game produced.

In order to convert one SAC 1 game into another, the arcade operator plugs in a new, hand-sized 14-ounce game cartridge into the game frame, changes the control panel and installs new graphics.

The game frames will be priced at approximately $3000 for operators. Additional system costs include a weekly game cartridge rental fee and the purchase of new game control panel hardware for the conversion process.

The cartridge contains all the software necessary for a new game.

"When distributors and operators pay a one time cost for game frames, they get the hardware." Bushnell said, "When they rent our game cartridges, they get the game."

"Consequently, when they want a new game, they just change the cartridge, control panel and graphics." said Bushnell.

In the new game, "Snakepit," adventurer Outback Jack attempts to whip his way through chamber after chamber of snakes, spiders and scorpions in search of a golden amulet within a secret city. During 1984, SENTE guarantees the delivery of four new game cartridges.

Videogame Industry Has Come A Long Way

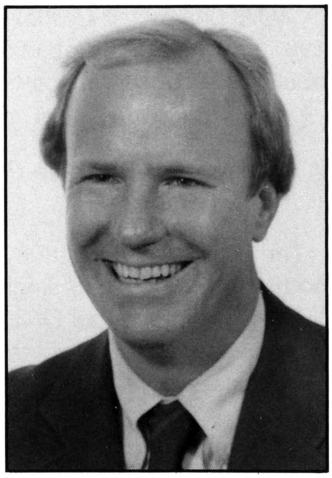
The videogame industry has come a long way over the last decade, telling a rags to riches, and for some, back to rags, story.

Like the film industry, not all games achieved "hit" status. Games like "Astroids", "Space Invaders", "Defender", and "Pac Man" were hits for videogame entertainment.

Trends that were looming over the horizon in 1981, have struck videogame manufacturers, distributors and operators with full force. A manufacturer who once enjoyed an annual growth rate of 50 to 100 percent or above, is seeing growth shrink back to a mere two percent.

(Continued on page 29)

A report on the Economic State of the Jukebox Industry



Based on the 1981 and 1983 AMOA Sponsored COST OF DOING BUSINESS SURVEYS.

By James F. Gaertner, Ph.D., CPA
Notre Dame University

(Editors' Note: For an industry that has filled as major an entertainment role as ours has over the years, there have been surprisingly few comprehensive and credible surveys and studies done to help the coin-op businessman and woman.

The first steps were taken to remedy this when the 1981 COST OF DOING BUSINESS SURVEY was commissioned by AMOA from Dr. James F. Gaertner, the Chairman of the Department of Accountancy, Notre Dame University. The 1981 survey was only a beginning point however, since most statistical data only becomes valuable when there is a basis of comparison.

Now that the Association is well on its way to developing a body of reference material, the following analysis is possible.

Your November and December LOCATIONS carried parts I and II of the 1983 Survey. We conclude the series with this analysis by Dr. Gaertner of a comparison between the first survey, 1981, and this one, 1983.

The 1983 survey is available in a bound format. AMOA members may receive their FREE copy by simply requesting it from the National Office: AMOA, 2000 Spring Road, Suite 220, Oak Brook, IL 60521. Second, and subsequent copies, are $25.00 apiece—make checks payable to AMOA).

I. Introduction and Background Data

This report is designed to provide economic and statistical information concerning (1) the current and projected state of the jukebox industry in the United States, and (2) the potential economic impact of the imposition of a $50 (up from $25) fee per jukebox effective January 1, 1984. The data to be presented are derived from the 1981 and 1983 Cost of Doing Business Surveys commissioned by the Amusement and Music Operators Association (AMOA), as well as information provided by the United States Copyright Office for distribution to the industry.

Copyright royalty fees were first imposed on the jukebox industry when Congress created a compulsory license for jukeboxes to take effect in 1978. The royalty fee, which was originally set at $8 per jukebox, in effect forced jukebox operators to pay copyright owners for the use of their creations. Under the 1976 Copyright Act, Congress also created the Copyright Royalty Tribunal, and mandated that this agency periodically review the royalty fee and set rates for jukeboxes in 1980 and thereafter at ten year intervals. The Copyright Royalty Tribunal conducted rate-making proceedings in 1980 and subsequently raised the jukebox fee from the congressionally established rate of $8 per jukebox to $25 for 1982 and 1983, $50 for 1984 through 1986, and $50 plus an inflation adjustment for 1987 through 1990. This amounted to a minimum of a 525 percent increase over the rate established by Congress four years earlier.

This report, in part, is designed to project the effect of that fee imposition on individual jukebox operators and the industry as a whole.

(Continued on page 20)

ON BUSINESS

A Report *(Continued from page 19)*

II. AMOA Cost of Doing Business Survey Data and Projections

The Amusement and Music Operators Association (AMOA) conducted Cost of Doing Business Surveys in 1981 and 1983. The objective of the surveys was to obtain data concerning costs, revenues, profit margins, statistical trends and analysis, and other worthwile operating information. The surveys have been conducted using appropriate control techniques, and analyzed with the proper procedures for such surveys. The results of the surveys that are pertinent to the jukebox industry follow.

A. Business Machine Composition (Tables I and II)

The 1983 and 1981 surveys both revealed that no single operator surveyed had ONLY jukeboxes. However, in the 1981 survey 4.1% of the operators reported having ONLY games, in the 1983 survey this proportion is up to 20.9%. Table I provides this breakdown.

TABLE I
NUMBER OF OPERATORS REPORTING
A GIVEN BUSINESS MACHINE COMPOSITION

	1983		1981	
	Number	Percent	Number	Percent
ONLY Jukeboxes	0	0	0	0
ONLY Amusement games (Video and other)	19	20.9%	3	4.1%
ONLY Vending (and other)	0	0	0	0
ONLY Jukeboxes and games	32	35.2%	19	26.0%
ONLY Games, vending (and other)	5	5.5%	1	1.4%
Jukeboxes, games, vending (and other)	35	38.4%	50	68.5%
Total		100.0%		100.0%

In the 1983 survey the respondents were asked to indicate the number of each type of machine that they operated on December 31, 1979 through 1982. The average responses are presented in Table II.

TABLE II
MACHINES PER OPERATOR
(Average Responses)

	As of December 31							
	1982		1981		1980		1979	
	n	%	n	%	n	%	n	%
Jukeboxes	65	12.1%	79	16.7%	73	16.7%	75	18.1%
Games	354	66.2%	275	58.0%	224	51.1%	192	46.4%
Vending and Other	116	21.7%	120	25.3%	141	32.2%	147	35.5%
Total	535	100.0%	474	100.0%	438	100.0%	414	100.0%

It is noteworthy that while total machines operated increased for the four year period from 414 in 1979 to 535 in 1983, jukeboxes decreased for the same period (from 75 to 65). In 1979, jukeboxes constituted 18.1% of the average operators business machines, and that same figure for 1983 was 12.1%.

The largest decrease in jukeboxes operated occurred from 1981 to 1982 with a drop of 14 (79 to 65).

B. Machine Mix at Locations (TABLE III)

In the 1983 survey, the typical operator reported having six (6) locations that had ONLY jukeboxes, down from nine (9) in the 1981 survey. In the most recent study, forty-six percent (46%) of those surveyed reported having zero locations with only jukeboxes, which is up from twenty-eight percent (28%) in 1981. Table III provides this data.

TABLE III
RESPONDENTS REPORTING NUMBER OF LOCATIONS WITH *ONLY* JUKEBOXES

Locations	Percentage	
	1983	**1981**
0	46%	28%
1–10	29%	29%
11–20	10%	16%
21–30	6%	8%
31–40	2%	2%
41+	7%	17%
	100.0%	100.0%
Typical Operator	**6**	**9**

C. Jukebox Turnover (TABLE IV)

The typical operator spent $7,000 for jukeboxes in 1983, up slightly from $6,000 in 1981. It is noteworthy that the typical operator surveyed reported that jukebox purchases as a percent of the market value of that asset, were eight percent (8%) in 1983, down from twelve percent (12%) in 1981. This statistic is reported in Table IV.

TABLE IV
PURCHASES AS A PERCENT OF MARKET VALUES
(As indication of Asset Turnover)

	1983	1981
Jukeboxes	8%	12%
Games	54%	40%

This data appears to be an indication of a continued (and possibly accelerating) movement away from jukeboxes on the part of business in the industry.

D. Revenues (TABLE V)

In the most recent survey, the total revenues generated from jukebox operations for the average operator were $91,897. This figure is down from a reported $114,425 in 1981. Similarly, revenue per jukebox for the average operator is reported to be down from $947 per jukebox in 1981 to $916 per jukebox in the most recent survey. This data is presented in Table V.

TABLE V
REPORTED JUKEBOX REVENUES
(Average Responses)

	1983	1981
Total Jukebox Revenues	$91,897	$114,425
Revenues per Jukebox	$ 916	$ 947

(Continued on page 22)

A Report *(Continued from page 21)*

E. Profits (TABLE VI)

In both the 1983 and 1981 studies, none of the operators surveyed indicated that they handled ONLY jukeboxes. This justifies the fact that in both surveys total expenses were asked for in the survey questionnaire rather than total expenses for jukeboxes only. This, then, eliminated the problem of inconsistencies which would certainly be associated with the different methods that operators might select to allocate costs to jukeboxes. For each respondent for which information was available, the total profit per jukebox was calculated in a consistent manner as follows:

Total Reported Profit	$XXXX
Add: Cost Applicable to **only** jukeboxes (i.e. record purchases)	+ XX
	XXXX
Multiply by proportion of jukeboxes to total machines	× X%
	XXXX
Subtract record purchases	(XX)
Total jukebox profit	XXX
Divide by number of jukeboxes	÷ XX
Profit (or loss) per jukebox	$ XXX

This method, which was first used in industry surveys by Peat, Marwick, Mitchell and Company in 1980 and then again in the 1981 AMOA survey, tends to overstate jukebox profit to the extent that:

* the time required to service a jukebox is greater than that for games, causing labor costs to be understated; and
* the number of jukeboxes per location is less than for games, causing time (labor costs) and transportation costs for jukeboxes to be understated.

This method would tend to overstate the costs of operating jukeboxes to the extent that the parts for games are more expensive and games are serviced more frequently than jukeboxes. (The previous discussion was taken from: **Economic Survey of Jukebox Operators' Business,** by Peat, Marwick, Mitchell and Company, 1980.)

Using the method described above, the profit per jukebox was calculated and is presented in Table VI:

TABLE VI
PROFIT PER JUKEBOX

Average Profit Reported	90% Confidence Interval		Highest Reported	Lowest Reported
	Lower Limit	Upper Limit		
$130.86	$ 69.60	$192.12	$1,153.85	– $522.50

This average profit figure per jukebox is up from the 1981 survey amount of $72.58 per jukebox, and represents an average annual return of approximately 5.2% based on a cost of $2,500 per jukebox. It appears that operators might be becoming more selective in jukebox placement. It is important to note that, based on the cost allocation criteria utilized, over twenty-five percent (25%) of the operators responding were experiencing a loss from their jukebox operations.

F. Additional Fee Imposition

A simple extension of the jukebox profit data is possible, assuming an imposition of an additional $25 royalty fee in 1984. That cost would directly impact upon the profitability of the jukebox segment of the business and result in a reduction in the profit per jukebox of exactly that amount. This, then, would result in projected average annual profit per jukebox in 1984 to be down to **$105.86.**

It is meaningless to attempt to predict other key variables which might impact on jukebox profitability over the next several years such as inflation, increased or decreased play, etc. However, jukebox operators are at somewhat of a disadvantage in raising prices per play to keep up with increased costs, in that their machines are equipped to take quarters and therefore they are to some extent constrained in their ability to respond quickly to inflationary pressures. Therefore, it is safe to assume that any increase in the $50 royalty fee because of an inflation adjustment would be borne largely by the operator and would decrease profit per jukebox accordingly.

III. Projected Jukebox Registrations

The United States Copyright Office provided the following information on jukebox registrations for the period 1978 through 1983:

Year	Registrations
1978	145,535
1979	138,798
1980	137,845
1981	135,452
1982	125,000
1983	103,173*

These figures tend to support the proposition that the industry is declining. An extension of this data would be an attempt to project jukebox registrations in the figure based on the trends established from 1978 through 1983.

Using simple regression analysis these projections are as follows:

TABLE VII
PROJECTED JUKEBOX REGISTRATIONS**

Year	Registrations
1985	97,000
1986	90,000

It is noteworthy that the projections presented above for 1985 and 1986 are conservative in that they are presented under the assumption that jukebox registrations are declining at a constant rate. It is, however, obvious from the registration data presented that registrations are dropping at an accelerating rate. If this accelerating rate continues, jukebox registrations will be well below the 1985 and 1986 projections presented in Table VII. (If the accelerating drop in jukebox registrations continues through 1986, jukebox registrations at that time would be below 60,000). This will, of course, have dramatic implications on the total amount of royalty fees collected in the future.

*Through August 1983

**It should be noted that the projections presented in TABLE VI are statistically significant at the .01 level (Signif F= 0.0120) and have the following coefficient of determinations.

$R^2 = .82$
Adj $R^2 = .78$

IV. Summary and Conclusions

It appears obvious from an examination of the data that the music and amusement game industry has recently been moving away from jukeboxes (and toward video games) as the primary source of income for operators. The most recent AMOA survey finds that the typical operator reports having six (6) locations with only jukeboxes (down from 9 in the 1981 survey), and thirty-one (31) locations with only games (up from 25 in the 1981 survey). Average total revenues and average revenues per jukebox were also down in 1983 from the 1981 survey. Almost one-half of those surveyed (46%) reported having zero locations with only jukeboxes. This is up from 28% in 1981.

Using the cost allocation criteria (first used by Peat, Marwick, Mitchell and Company, in their 1980 survey) outlined in this report, current profit per jukebox is estimated to be $130.86. An additional fee of $25 will lower that amount to $105.86. If additional fees are imposed as a result of an inflation adjustment, it is safe to assume that the operator will absorb much of that amount thereby reducing profit per jukebox even more.

On a "macro-basis," it appears that the entire jukebox industry is declining and that, if this trend continues, it is possible that there will be fewer than one-half of the jukeboxes in operation by 1988 than there were ten years earlier.

In summary, it appears from the data available that the jukebox industry is in decline; and there is evidence to support the hypothesis that an increase in the royalty fee may force some operators out of business and others to accelerate their shift in emphasis away from jukeboxes and toward video games. If this does prove to be the case, it could result in decreasing royalties to copyright owners and limited public access to this form of entertainment.■

The Reason For Alarm/One Operator's Story

The following information and graph were developed from an AMOA member operator and lend even further evidence to your support of Senate Bill 1734 and House Bill 3858—Bills designed to provide relief to the jukebox industry. AMOA urges you to actively support both bills.

The numbers used to prepare the graph were arrived at by:

1. Jukebox income is an average of all 1978 (the year Copyright Fees were instituted for jukeboxes) gross income that could be compared with 1982 income, and projected for all 1983 income (this data was current as of November 7, 1983).
2. The cost of records was taken directly from invoices on file for the year 1978, 1982 and 1983.
3. As a first step in understanding the graph, it helps to know that the Mechanical Rate Fee (copyright fee built into charge for each record) was 2.75 cents per side of a single record in 1978. The fee increased to 4.25 cents per side in both 1982 and 1983.
4. Invoices in this operator's records indicate that the cost of a jukebox increased from 1978 to 1982. This, and only this, increase is worked into the graph figures—because new features such as electronic popularity meters and more dependable equipment evened out other differences (such as maintenance charges).

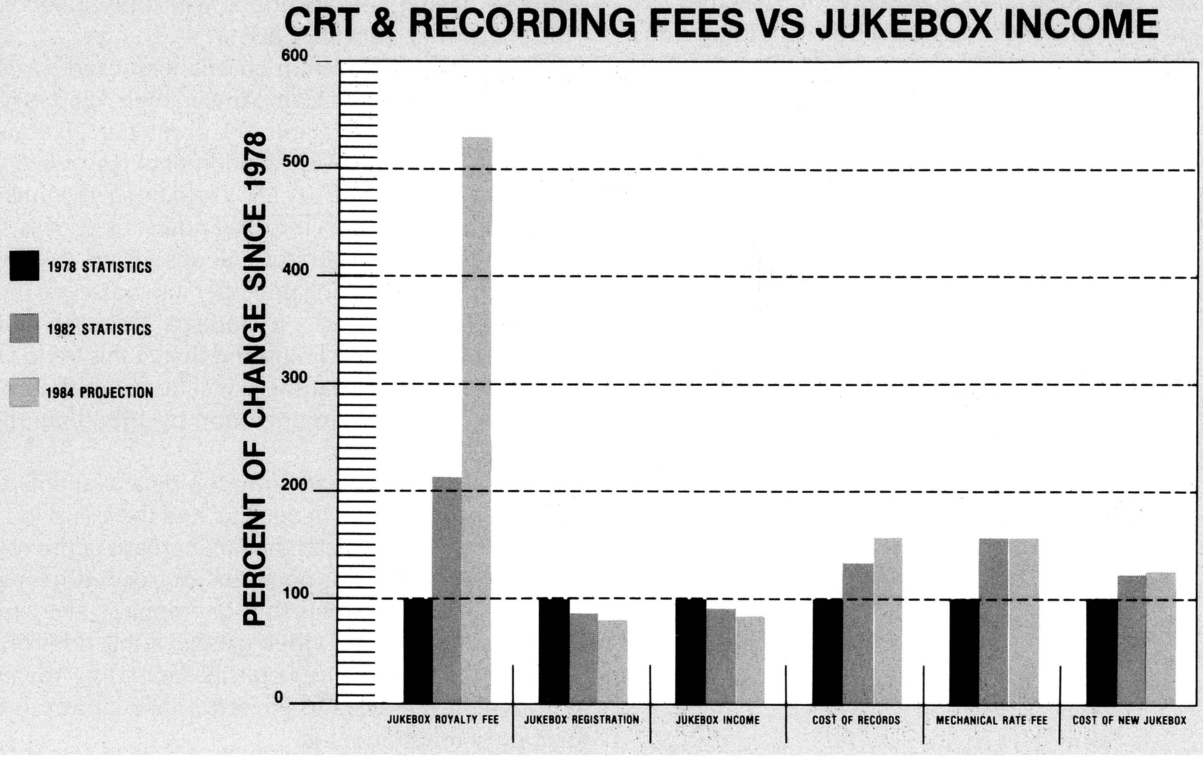
(Continued on page 24)

Alarm *(Continued from page 23)*

The number of jukebox registrations reported by the Licensing Division of the Copyright Office through November 1, 1983 show a consistent decline since the licenses were instituted in 1978 (over 40,000 jukeboxes were withdrawn from operation, primarily due to higher overhead costs) and this is self-evident when compared to this "operator's" example. 'Jukebox registration' and 'jukebox income' decline hand-in-hand.

This operator notes that "The fact that my gross jukebox income declined 23% over the same period as the CRT increased the royalty fee to 525% more than the $8 license fee instituted in 1976 *(Editors' Note: the $8 fee became payable in 1978)* is reason to be alarmed.

"The fact that this was done without regard to the small businessman or the public, is even more reason for alarm." ■



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ON BUSINESS

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Even a small company in our industry, operates "in the public eye". Your videogames and jukeboxes and services affect hundreds or thousands of local customers. Your business is all over the community and it's highly "visible". Sooner or later you will have a selfish interest in dealing successfully with local news media.

This was made particularly evident at the '83 Expo in an education workshop run by Sandra Pesman, Feature Editor of *Crains' Chicago Business*.

As Ms. Pesman points out, "The biggest change in the last decade has been the transformation of public relations from mongering to marketing.

"In the 1950s and 1960s, the goal of most PR was simply to get a clients' or companys' name mentioned in the media . . ."

She continues by pointing out that, "Fortunately, that's all changed dramatically in the last ten years. Today, public relations is considered an integral part of the marketing function . . ." it is a vital link between you and the public.

THE PROBLEM:

How do you make sure that the public image you want for your business is the same one that the public actually does have?

To start with, you can almost be sure that they are not the same—our industry has a history of adverse publicity—but that is changing.

Negative and critical reports in the media are commonplace today for every kind of business (high utility bills, recalls of automobiles, junk food). Fantastic profits (or more likely 'fantasy' profits), children playing games during school hours, poorly supervised amusement centers—these are only some of our industry stories which may originate elsewhere but are carried by your local media. These can and too often do reflect on your business and on your personal standing with the other business people in your community. Wouldn't it be better if local media contacted you first for comment? (And isn't this better than your 'letter to the editor' five days later?)

Some negative news involving your company operations can occur. Your side will be told if the local media know you and have faith in you. Your version is very likely to be ignored if they don't know you.

So, it pays to have good contact with local media before something negative comes up. That cannot be stressed enough, DEVELOP GOOD CONTACTS NOW. Get to know

(Continued on page 26)

Four Months of AMOA— In Print and On the Air

Getting discouraged everytime you pick up a newspaper? Tired of seeing a flood of adverse industry publicity?

Well, take heart, it is changing, and AMOA has been pushing hard for that change through an active program of accurate information to the media.

It does take time but results are starting to happen.

Besides our normal contact with the industry's trade press [of which we now count 22 industry publications beyond the historical big five—CANADIAN COIN BOX, CASH BOX, PLAY METER, RePLAY and VENDING TIMES], and Press Releases initiated by AMOA, the National Headquarters in the past 4 months has assisted 44 newspapers, magazines and wire services; 7 TV & Radio networks and stations and 2 movie production houses to accurately get the industry's story told—this means thousands and thousands and tens of thousands are being exposed to a more comprehensive and accurate picture.

(Continued on page 32)

(Continued from page 25)

your local media, get them to know you. No matter what size community you live in it can be done.

Some basic principles for good media relations

Believe it or not, news media do want to be accurate and fair. They will consult businesspeople such as you, if they know you or know about you. But you've got to initiate the relationship.

News media are interested in those things which affect groups of people in their circulation area. Your business does affect many local people: those who are entertained by your games, by your jukeboxes, local businesses that provide your locations, or malls in which you have your arcades or game rooms, your employees and their families, and suppliers. You are newsworthy. Our industry is of interest to news people.

News media are always in a hurry. They live by deadlines. They usually can't wait until you call them back tomorrow or next week. They need information now. Be prompt if they contact you.

News media must be, and want to be objective. They want to tell "both sides" of a story. So, don't expect to see only your side told when there are opposing views. News media people are professionals. They want to be accurate but they resent being mistrusted. Don't let the fact, that as an industry we seem to have more than one reason to be leery, cloud your judgement. Have faith in their integrity (until proven otherwise).

Every operator is newsworthy at least twice a year

What seems routine to you may be newsworthy to your local media. One editor attending a State Association meeting in Tennessee reported that he got a dozen story ideas during the meeting breaks just by standing around and listening.

What kind of items/events are newsworthy? Well, basically, there are two types of news stories: spot news and feature stories.

Appointments, promotions, a new building, an addition to your current building, renovations, donations of equipment, or space or even of your own time to PTA or charitable projects in your community, are all spot news items that may interest your local media.

Feature stories can be built around interesting and unusual employees, how equipment is kept in repair, how you cope with inflation (pass that one on to the LOCATION when you get it figured out), a special event at your company, arcade, gameroom, or at a location, how you combat vandalism, how security people are picked for your operation/s, machine abuse, how your food service operates, how you use computer services, and dozens of better ideas that apply to your business.

Go have a conversation with a local editor or radio news director, or with the PR man being used by a client or location. If you seek out their ideas they are usually more than

New Stock Dies & Designs

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Area Code 606 • 231-7100
Phone or write for catalog & samples

willing to help. If you follow-up on one of their suggestions you increase the chances that they'll use it.

How to approach news media in your market area

One of the simplest and most effective ways is to phone the managing editor or 'city editor' of a local or weekly newspaper (except large metropolitan newspapers) and ask for a brief meeting at his office when they are not too busy—so that you can "find out how a local businessman might go about getting to know his newspaper and how to obtain news coverage for your company when it's appropriate."

Not always, but often this approach will result in an appointment. He'll be curious as to what kind of businessman you are to make such a request. That'll get you started.

Perhaps he'll suggest that a reporter talk to you. That is usually not the time to go for an article about your company or the industry, though one might result. The idea is to get acquainted and to learn what would interest them in the future. Then act on the suggestions.

Caution: Don't expect a favorable response every time you try this or every time you make contact to get news on local media. The competition for space is intense. If you feel more comfortable giving yourself a trial run then start out first contacting a weekly shopping guide. It will force you to solidify your thoughts and provide insights to improve your approach when contacting other editors or directors of radio/TV stations.

Here's another way. Try the entertainment editor or the business editor, if there is one.

If you publish a company newsletter, put several of the editors or radio/TV stations news directors on your mailing list. Sooner or later they'll see something which catches and holds their interest. Editors rely on just such sources for many of their feature ideas. Remember, you are a source, and as interesting as this business is, you're a good source (however, if your newsletter is just a company "gossip" sheet don't send it).

As part of the program you're setting for yourself, make and follow a plan for getting to know local news media personnel, it's just as important as knowing legislators or city councilmen.

Now for two quick dont's

Don't ever say "no comment". It always looks like you're hiding something.

Don't talk "off the record". There is no such thing. It can be published regardless. "Off the record" is just a catch-all phrase used in Washington, D.C. Unless you live in the White House or are a senator, stay away from talking "off the record". If you don't want it printed, don't say it.

Remember, relations with news media are no different than other business contacts. Be objective, courteous and positive.

(Continued on page 32)

We re-invented the ball separator building the best pool table possible.

Not all ball separators are alike. And not all of them are reliable. Dynamo engineers re-designed their cue ball separator to work with both the special Dynamo 2¼" ball and the standard over sized ball. Because it operates on the weight differences of the balls, no adjustment is ever needed. And Dynamo guarantees it for the life of the table.

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How To Cut Profit Sharing Plan Costs

By James L. Harfield

(Editors' note: James L. Harfield, C.P.A., is an audit partner in the accounting firm of Blackman, Kallick & Company, Ltd. His professional practice centers on closely-held businesses, including many in the coin-op industry.)

Every time a client comes to the office to discuss profit sharing plans, I ask him this question: "Do you want to favor the highly paid people?"

Most owner/employee clients repond in essence that they (1) would like to put away as much as the law allows or as much as they can afford and (2) would like to eliminate or reduce the amount that must be put away for low-paid employees. Simply put: Maximize the benefits for the boss (or bosses), eliminate (or reduce) the benefits for all (or most of) the other employees. If that sounds like your objectives, you are not a Scrooge—you are typical.

Most people don't know this, but there are basically two types of profit sharing plans—integrated and non-integrated. An integrated plan considers the fact that you already provide benefits to every employee for the first $35,700 earned each year via the Social Security system. Maybe you don't think of it that way . . . but you do.

Let's take a look at the dramatic results possible with an example. Assume the company wants to contribute 10 percent of each employee's salary to the profit sharing plan and you want to compute the contribution for Joe Owner, who earned $85,700. If the plan is not integrated, Joe's contribution is $8,570 (10 percent of $85,700). An integrated plan for Joe calls for a $5,000 contribution ($85,700 less $35,700 equals $50,000 at 10 percent). Now watch this: Sam Salesman earns $31,000 per year. Sam's contribution when the plan is not integrated is $3,100 (10 percent of $31,000). With an integrated plan, his contribution is zero (the $35,700 integration level is greater than Sam's $31,000 salary). Please understand, Sam is in the plan. He just doesn't get a contribution as long as his earnings are below $35,700.

The above does not attempt to explain all the rules and exceptions. See a consultant that specializes in this area. You may be pleasantly surprised by the money-saving results possible with an integrated profit sharing plan. ■

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JOGGER · 1300-1399	CROCKED · 1300-1399	MR.HYDE · 1300-1399
SLO-POKE · 1400-1499	SMASHED · 1400-1499	DRACULA · 1400-1499
ZOMBIE · 1500-OVER	ZOMBIE · 1500-OVER	ZOMBIE · 1500-OVER
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universal appeal—any location.	checks driving ability—bar or lounge location.	fits both above type locations.

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Marshfield, Case Dismissed

(Continued from page 8)

the nine Supreme Court Justices agreed that it should be heard. Unfortunately, only two Justices, Brennan and White, voted to take the case and hear further written and oral argument.

The Supreme Court's refusal to take the case leaves intact the local ban. The dismissal does not, however, indicate one way or the other whether Marshfield By-Law No. 48 is constitutionally valid. The Supreme Court has apparently left the resolution of this issue for another day.

There remains, finally, a glimmer of hope in the Massachusetts Supreme Judicial Court's statement that "in the future, videogames which contain sufficient communicative and expressive elements may be created." With the continued technological development and increasing popularity of the new "laser" videogames, perhaps the next time the issue is presented, the courts will respond differently. After all, the Supreme Court did not expressly recognize that movies are protected by the First Amendment until 1952.

New Company

(Continued from page 18)

The dilemma might be perceived as a simple one, but SENTE reports that the problems within the industry are much further reaching, with some experts claiming the videogame business is in a dramatic state of transition.

SENTE states that they hope their new system will take some of the risk out of the videogame business.

In a candid press release, SENTE freely acknowledges the following industry problems and indicates that all levels of the industry must concentrate more of their energies on resolving them:

Short Game Life—Videogames are too expensive and lack of "hit" games to compensate.

Increased Licensing Fees—High license fee for each game.

A Change in the Depreciation Schedule—From 3 to 5 years, reducing annual writedowns.

Oversaturation—Overbought games

No Resale Potential—Deriving from oversaturation, loss of popularity.

Financing—Difficult to finance expensive new games.

Manufacturers Inventory Problems—Loss in buying leads to overstock.

Chuck Milhelm, President of The Valley Co., was misidentified in the December issue of the LOCATION, as appearing on the right in the above photo. Mr. Milhelm actually appears on the left in the photo, along with Emil Marcet, Director of Sales for The Valley Co.

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SERVICE BULLETIN

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FIELD SERVICE BULLETIN

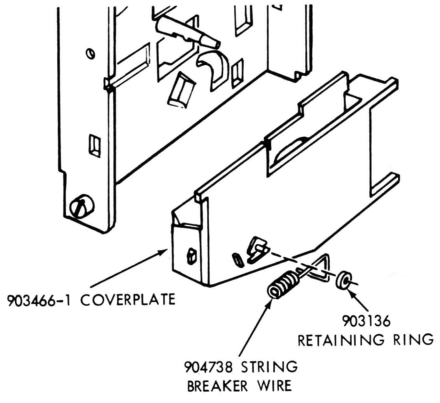
2800 SERIES COIN DOOR

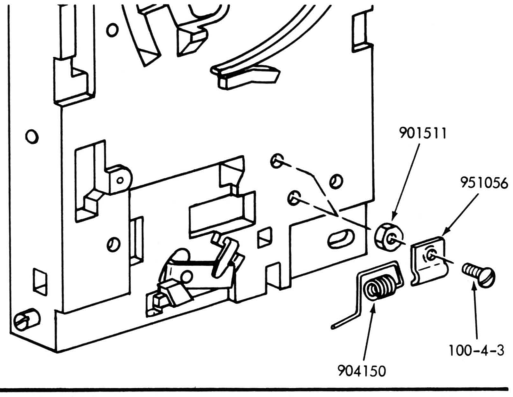
STRINGING

The 5300 series acceptors have 3 locations where a coin catcher wire can be installed to prevent "stringing."
Coinco recommends installing the coin catcher on the front coverplate for use in our coin door. (CA part #903466-1)

A coin catcher can also be installed on the back side of existing acceptors. There are two recessed areas in the mainplate where a small pal nut fits. Use either the upper or lower slot, depending on what best stops the "stringing" problem.

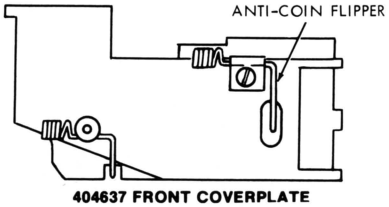
NOTE: It is important that the coin switch wire form is properly adjusted to rest at the very top of the coin slot.



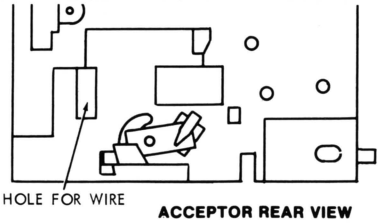


COIN FLIPPING

A special acceptor is available to eliminate coin flipping through the coin return cup on game doors.
The 5301-13 acceptor has a wire in the coverplate that stops coin from entering through the reject side of the acceptor. Existing acceptors can be modified with a C.A. part #404637 coverplate assembly. This coverplate has the spring wire already installed. Be sure the acceptor has a new style mainplate so the wire can fit into the coin path and completely through the mainplate.



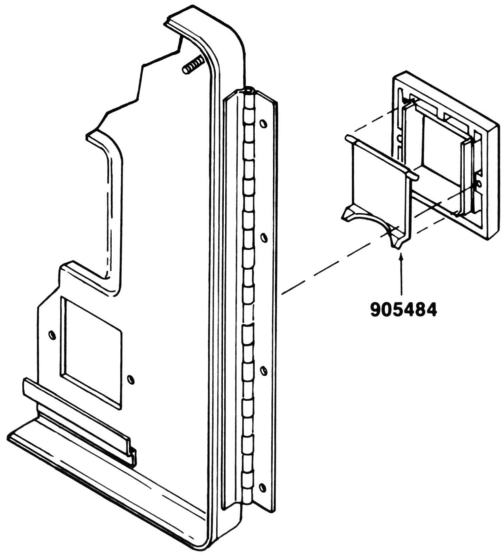
404637 FRONT COVERPLATE



ACCEPTOR REAR VIEW

STEEL COIN RETURN DOOR

The plastic coin return door has been replaced with a door made out of steel. The new door will fit any Coinco coin door or frontplate.
C.A. part number is 905484.



Irish Association Fights Bad Press Via Membership:

The Irish Amusement Trades Association (IATA) has announced that it will launch a major recruitment campaign as one of three measures designed to counter adverse publicity on amusement centers.

The bad media publicity has coincided with moves by some local authorities to rescind licenses for arcades in their areas, which is, according to the announcement "all-in-all a pretty dismal picture."

A public relations officer is to be appointed by the Association as its first move to counteract the way in which the trade is presented.

In addition, the services of a prominent senior counsel has been obtained to advise on the legal aspects of the action against arcades and with the more specific brief of initiating legal proceedings in an appropriate case.

Thirdly, the Associations' Executive Committee has decided that it is essential to obtain the maximum possible cooperation and assistance from everyone involved in the industry. The release notes that there are two trade associations, the I.A.T.A. and the Amusement Caterers' Association of Ireland, but non-members in the trade far exceed those who are members of either association.

"In order to remedy this situation and to provide the broadest support possible as well as adequate resources, I.A.T.A. has decided to mount a recruitment campaign. ■

AD INDEX

Americade Amusements Inc. 14
Arachnid, Inc. 9
Atari, Inc. 6
Bally Midway Mfg. Co. . . . 2
Dynamo Corporation 27
Florida Amusement-Vending Assoc. 31
House of Cards Inc. 28
Murrey and Sons Co., Inc. 32
National Coin Consultants, Inc. 33
North American Amusement Co. 24
Penn-Ray Sutra Corp. 4
Skee-Ball, Inc. 33
United Billiards, Inc. 29
Van Brook of Lexington, Inc. 26

ON BUSINESS *(Continued)*

On The Air

(Continued from page 25)

A partial listing of contacts in the past *four* months—initiated by non-trade press—reads like a who's who of U.S. and World Opinion (the following are listed in the order they contacted AMOA rather than by which medium they represent—i.e. press, radio, T.V., etc.)

Mutual Broadcasting
News & Daily Advance, Lynchburg, VA
Business Week
Daily Herald, Skokie, IL
San Diego Tribune
St. Paul Dispatch
Psychology Today
Billboard
Film Journal
North Shore Magazine, Chicago, IL
Independent Network News
Progressive Radio Network
Sun—Times, Chicago
Wall Street Journal
Entrepreneur Magazine
Business Communications
Northshore Weekly, Ipswich, MA
Mark Dorf Productions
Cunningham & Walsh
Kansas City Times
Allentown Morning Call, PA
WRC-TV, Washington, DC
Games Merchandising Magazine
Dallas, Ft. Worth Journal
Entertainment Tonight
PM Magazine
Find
Variety
NBC
Dial Magazine for PBS
Detroit News
Times Albany, Albany, NY
Kansas City Times
CBS
Philadelphia Inquirer
Time
Newsweek
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Enter Magazine
Electronic Fun
Video Games Player
Spectrum
Reuters
U.P.
A.P.
People Magazine
Tribune
Washington Post

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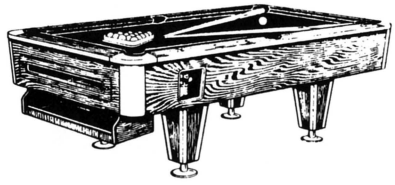
Murrey offers a complete line of coin-operated, professional, and home style billiard tables, game tables, shuffleboard, and football games. Billiard cloth, balls, cues, chalk, racks and all accessories available for ***immediate shipment!***



Murrey coin-op tables are available in both 3½′ X 7′ or 4′ X 8′ sizes.

- Largest Coin Table Mfg. in Western USA
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14150 So. Figueroa St.
Los Angeles, CA 90061

Ph: (213) 321-5161
Cable: "Bowling"
Los Angeles
Telex: 68-6128

PR

(Continued from page 27)

Phone or write letters of commendation when a newspaper or broadcast station does a good story. It need not be about your business or the industry. Few businessmen bother to do this. News media appreciate it and will remember you. Write at least two or three such letters this year addressed to the individual reporter if the item was by-lined (send a copy to the editor).

Right now is the time to set yourself a "double" plan for improved media relations. Assign someone on your staff, or yourself or your spouse to think up possible ideas on your business and this industry for local media and go merchandise them on a set schedule. Start at three times a year and keep at it until you are convinced of your success (either by getting favorable media exposure or just by knowing the people involved better). ■

AMOA ALERT

Bruce Ellis Sackheim;
Tim Stephens;
Jerry Bond;
Mike Littick;
Doing Business As
American East Coast;
Charles Dalton;
Doing Business As
Equipment Sales and
Services

The names and companies listed are currently the subject of an FBI investigation. The scheme in captioned matter involves amusement operators across the United States receiving an offer by Western Union Mailgrams to purchase video games from subject American East Coast in New York. The terms are one-third down, one-third COD, and one-third invoice. Interested parties were to inquire at the American East Coast number given. Once a sale is consummated, investors are instructed to wire funds to subject Bruce Ellis Sackheim in Los Angeles via Western Union Money Orders. No equipment is ever received by the operator. The telephone number for American East Coast in New York has been determined to be an answering service.

Recent information has been developed that a company calling itself Equipment Sales and Services, with a telephone number located in Arizona, is also sending video operators Western Union Mailgrams offering video machines at extremely low prices, and the same method of operation is being used by the subjects using the telephone answering service out of New York.

To date, investors solicited have been within the Continental United States and Europe and investors' funds lost to date exceed $40,000.

If any AMOA member has information that would assist the FBI in connection with identifying the above individuals please contact Special Agent John P. Gilbert, FBI, New Orleans, 504/522,4671 or the nearest FBI Office. ■

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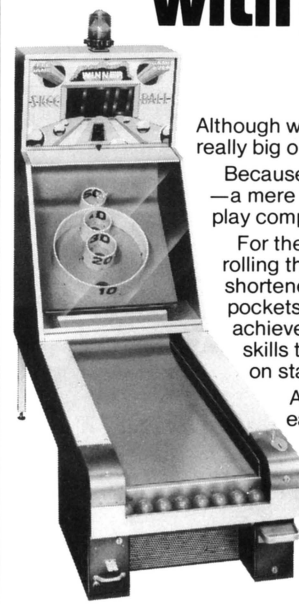

Although we may be short on size...we're really big on action.

Because our new compact audio model —a mere 6'3" long—lets kids of all ages play competitively. And play they do.

For the first time, small children are rolling the easy-to-handle ball up the shortened alley and into the playing pockets. And adults are striving to achieve new short-distance throwing skills to meet or beat their old scores on standard Skee-Ball.

And since our little size can be easily accommodated—we're going places we've never been. Like Kiddie lands and restaurants. Taverns and shopping malls. And we're making it big.

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IN PASSING

Harvard's School of Education has released a recent study that shows women would benefit from the "spatial" training that videogames provide. When it comes to spatial relations—judging distances, shapes or the volume of specific objects—many women do not perform as well as men. But that difference vanished after a few hours of videogame playing. ■

Connellsville, PA Bar and Club owners, who provide coin-operated breathalyzer tests for customers, will not have to pay a fee for the machines. Connellsville City Council agreed Monday night to waive the fee for the mechanical devices, but the owners are still required to get a license before the machines can be operated. "A lot of bars and clubs in the area are purchasing the coin-operated breathalyzers," said Mayor Ronald J. Haggerty. "We see it as being a very good way of letting people know what the alcohol levels are in their blood when they have been drinking." ■

Members of the UL Committee of the Amusement Game Manufacturers Association met with Underwriters Laboratory chief engineer and other representatives at the UL facilities in Northbrook, Illinois recently. The purpose of the meeting was to discuss standards for amusement games which UL is in the process of redrafting. The original standards were part of the vending machine category and were not specifically designed to deal with new developments in our industry, particularly videogames and conversion kits. ■

CALENDAR OF EVENTS 1984

JANUARY

Oregon Amusement & Music Operators Association
January 20–22—Red Lion Lloyd Center
Portland, OR

Washington Amusement & Music Operators Association
January 27–29—Bellevue, WA

FEBRUARY

South Carolina Coin Operators Association, Inc.
February 10–12—Trade Show—Carolina Inn
Columbia, SC

Music Operators of Minnesota
February 24–26—Convention & Trade Show
L'Hotel Sofitel
Minneapolis, MN

MARCH

Florida Amusement Vending Association
March 15–18
Trade Show—Hyatt Regency Grand Cypress Resort
Orlando, FL

APRIL

AMOA Mid-Year Board Meeting
April 29–May 2
Hyatt Regency
San Antonio, TX

MAY

Ohio Music & Amusements Association
May 3–5—Hyatt Regency
Columbus, OH

North Dakota Coin Machine Operators Association
May 11–12—New Sheraton Hotel, Main and 7th Street
Bismarck, ND

Wisconsin Amusement & Music Operators Trade Show
May 11–13, Americana Resort (on Hwy. 50)
Lake Geneva, WI

EDUCATION PROGRAM, 1984

Contact AMOA for details

AMOA-NOTRE DAME EXECUTIVE DEVELOPMENT PROGRAM

Session I—March 4–7
Session II—October 7–10
Session III—April 8–11
Session IV—November 11–14

WHY THE LOCATION?

As the official voice of the Amusement and Music Operators Association, THE LOCATION is a magazine operators identify with, consult, and save. A majority of the readers are owner operators from all parts of the United States, Canada and 22 other foreign countries and territories. The editorial content of THE LOCATION is devoted entirely to industry information and issues. Peer written and reviewed, THE LOCATION provides an up-to-date forum of practical, thought-provoking articles designed to meet the membership's needs for relevant information.

THE LOCATION seeks to foster knowledge of the coin-op amusement profession through the publication of survey results, technical articles, research, and timely news.

AMOA operator members are the most powerful block of buyers in this industry—controlling well over half of all videogame equipment as well as over 500,000* additional pieces of coin-op equipment.*

We hope you enjoy THE LOCATION and find its articles useful.

*Bernstein Research—The Video Game Industry—
A Strategic Analysis.

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Because of its tradition of news, articles and editorial commentary, from, for and to operators, ***THE LOCATION*** is **THE** continuing source and guide for AMOA members. Its readers make up an influential market not only equipment and supplies but the whole spectrum of industry related products and services (such as tokens, change counters, computer software, and other business related material). If your product or service involves this market, you should advertise in ***THE LOCATION.***

Advertisement for a product or service through the AMOA *LOCATION* is intended as a membership service. Our acceptance of such advertisement does not constitute endorsement of the product or service by the AMOA and shall not be represented as such.